

Message Text

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AMEMBASSY MOSCOW

C O N F I D E N T I A L MILAN 2636

E.O. 11652: GDS

TAGS: EEWT, ECEM, BEXP, UR, IT

SUBJECT: SOVIET PURCHASES OF CHEMICAL EQUIPMENT AND TECHNOLOGY

REF: STATE 270218; ROME 19340

1. IN SEPARATE CONVERSATIONS WITH BRUNO IMPROTA, TECNIMONT'S SALES DEPT. DIRECTOR, AND BRUNO CIMINO, MANAGING DIRECTOR OF SNAM PROGETTI, WE HAVE OBTAINED FOLLOWING INFORMATION.

2. BOTH FIRMS DESCRIBED SALES AND COMPENSATORY PURCHASES AS ACCURRING ON BASIS OF INTERNATIONAL PRICES. COMPENSATORY PURCHASES ARE USUALLY IN FORM OF AMMONIA. WHETHER COMPENSATORY PURCHASE WILL BE PART OF ANY GIVEN CONTRACT AND, IF SO, WHAT PERCENTAGE OF TOTAL PAYMENT COMPENSATORY PURCHASE WILL COMPRISE, VARY FROM ONE CONTRACT TO ANOTHER. IN TECNIMONT'S CASE, TECNIMONT ITSELF NEGOTIATES AND CONTRACTS TO BUILD PLANT; MONTEDISON SEPARATELY CONTRACTS TO PURCHASE AMMONIA. SNAM PROGETTI AND ENI HAVE SAME ARRANGEMENT.

3. TECNIMONT. TOTAL VALUE OF ALL TECNIMONT PROJECTS IN USSR NOW UNDER WAY OR RECENTLY COMPLETED IS \$300 MILLION.

A. ACRYLONITRILE PLANT IN SARATOV (150,000 TONS/YEAR) IS VALUED AT ABOUT \$60 MILLION. ALTHOUGH TECNIMONT IS USING US TECHNOLOGY, NO OTHER FIRMS ARE INVOLVED IN PROJECT. PAYMENT WILL BE MADE IN DOLLARS AND AMMONIA. TECNIMONT WOULD NOT PROVIDE US WITH EXACT TERMS OF COMPENSATION AGREEMENT.

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B. IMPROTA STATED THAT VALUE OF TOMSK POLYPROPYLENE PLANT

(100,000 TONS/YEAR) IS TO BE ABOUT \$100 MILLION. PAYMENT WILL BE MADE IN DOLLARS AND WITH AMMONIA (NOT TO EXCEED 30 TO 40 PER CENT OF CONTRACT VALUE), BUT PRECISE TERMS OF AGREEMENT WERE NOT AVAILABLE TO US.

C. TWO 500,000 TON/YEAR UREA PLANTS IN BEREZNEKI AND KEMEROVI WERE SAID TO BE VALUED AT BETWEEN \$25-40 MILLION EACH. PAYMENT WILL AGAIN BE IN DOLLARS AND AMMONIA AS ABOVE (NOT TO EXCEED 30-40 PERCENT OF VALUE). IMPROTA WOULD NOT PROVIDE DETAILS.

4. SNAM PROGETTI. CIMINO CLAIMED THAT THREE 500,00 TON/YEAR UREA PLANTS SOLD TO USSR ARE WORTH ABOUT \$150 MILLION IN TOTAL. ITALY IS TO PURCHASE ABOUT 100,000 TONS OF AMMONIA PER YEAR FOR EIGHT TO TEN YEARS UNDER COMPENSATORY AGREEMENT FOR THREE PLANTS. THESE PLANTS WERE PART OF 1974 AGREEMENT TO FURNISH SIX PLANTS TO SOVIETS. THERE ARE STILL NO CONTRACT FOR THREE REMAINING PLANTS, BUT SNAM PROGETTI IS HOPEFUL THAT CONTRACTS WILL BE SIGNED IN FUTURE. CIMINIO ADDED THAT ALTHOUGH CONTRACT FOR COMBINATION AMMONIA-UREA PLANT HAS NOT BEEN SIGNED WITH SOVIETS, NEGOTIATIONS FOR 1,500 TON/DAY PLANT ARE CURRENTLY UNDERWAY IN MOSCOW.FINA

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